

**LEGISLATIVE SERVICES AGENCY  
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House  
(317) 232-9855

**FISCAL IMPACT STATEMENT**

**LS 8197**

**BILL NUMBER:** HB 1896

**DATE PREPARED:** Jan 24, 1999

**BILL AMENDED:**

**SUBJECT:** Net metering systems.

**FISCAL ANALYST:** Brian Tabor

**PHONE NUMBER:** 233-9456

**FUNDS AFFECTED:**     **GENERAL**  
                          **X DEDICATED**  
                          **FEDERAL**

**IMPACT:** State

**Summary of Legislation:** This bill establishes a program to encourage investment in and use of renewable electric generating systems. It provides for establishment of a system under which customers that generate electricity through solar energy or wind offset costs of using electricity provided by an electric utility by electricity that the customer generates and returns to the customer's electric utility. The bill also requires electric utilities to permit a certain number of customers to be customer-generators.

A customer-generator's system would be required to meet certain safety and performance standards. The Indiana Utility Regulatory Commission (IURC) would be authorized to take certain actions to regulate the program, including the adoption of rules and the imposition of civil penalties.

**Effective Date:** July 1, 1999.

**Explanation of State Expenditures:** This bill establishes a program to promote the use of solar and wind turbine-generated energy. It requires electric utility providers (including investor-owned utilities, municipally owned electric utilities, and rural electric membership corporations) to accommodate net metering systems for customers who generate electricity through these methods. Net metering allows customers to be compensated by their electric utility provider for energy they generate by connecting a customer's generation facilities to the provider's distribution system and measuring the excess energy transferred back across the system. A utility provider would be required to bill a customer only for the net amount of electricity used. If a customer generated more electricity than the amount of energy used, the utility provider would pay the customer for the difference.

Under this bill, the IURC would have to approve the net metering measurement system, develop the rate of reimbursement for customer-generators, institute safety regulations, and promulgate other rules regarding net metering. The Commission would also be required to prepare an annual report summarizing the use of net metering and containing recommendations for promoting investment in solar and wind technology. The

annual report would also contain comments and recommendations from the Office of the Utility Consumer Counselor (OUCC).

The IURC and the OUCC would incur unknown additional costs as a result of this bill. The operating expenses of the IURC and the OUCC are funded through the Public Utility Fund. The information in this fiscal note will be updated when a more precise estimate of the related costs becomes available.

**Explanation of State Revenues:** If an electric utility knowingly overcharges a customer-generator, the IURC may impose a civil penalty of \$25,000 for each violation. Each billing period that a customer is overcharged would be considered a separate violation subject to a penalty. It is not known in how many instances the IURC would impose monetary penalties.

**Explanation of Local Expenditures:**

**Explanation of Local Revenues:**

**State Agencies Affected:** IURC, OUCC.

**Local Agencies Affected:**

**Information Sources:**